

State Employee Benefits Advisory Council Meeting
January 11, 2012
Statewide Benefits Office
Dover, Delaware

The State Employee Benefits Advisory Council met on January 11, 2012 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Faith L. Rentz, OMB, SW Benefits
Deputy Director
Pat Griffin, Chair, SEBAC, AOC
Marsha Carson, SEBAC, DOS

Mary Cooke, SEBAC, DOE
Judy Anderson, DSEA
Ann P. Skeans, OMB, SW Benefits
Mary Thuresson, OMB, SW Benefits

Ms. Griffin called the meeting to order at 3:13 p.m.

1. Approval of Minutes

Ms. Griffin asked members to review the prior meeting minutes from November 17, 2011 and then requested a motion for approval. Ms. Cooke made the motion and Ms. Carson seconded the motion. Upon unanimous voice vote the minutes were approved.

2. Update of SEBC Activities – (handout)

Ms. Rentz discussed items on the January 13, 2012, SEBC Agenda. The Fund and Equity report showed a \$32.5 million (M) fund balance in October and a slight increase to \$36M for November. A larger increase for December is expected due to having received two quarterly Medco rebates.

Aon will be present at the table for the upcoming SEBC meeting and Segal will also be there. Aon will present the July through September 2011 (FY12 Quarter 1) financials which reflect the same trends as expected, being at plus 3.5 percent at the end of the first quarter. The non-Medicare retiree medical group is the worst for expenses. The Consumer Driven Health Plans (CDHP) during the first quarter look like they are performing well; however, it needs to be noted that most members are using their HRA funds during the first quarter and that could be keeping costs down. Ms. Griffin noted that those who elected a CDHP were probably low utilizers of their health benefits. Ms. Rentz agreed and stated of the total Group Health Program population, only about one percent are in those two plans.

Ms. Griffin asked how the fund balance fared this year compared to the October 2010 balance of \$8.9M. Ms. Rentz stated the fund balance as of October 31, 2011 was \$32.5M. She continued by explaining that the January 30th SEBC meeting would include discussion with the SEBC regarding the surplus which has increased due to one-time funds and slightly better than projected experience. Ms. Rentz also explained that an additional Early Retiree Reinsurance Program reimbursement requests were submitted in December in the amounts of \$1.2M for FY11 and \$1.6M for FY12. It is not certain that additional funds will be available through this program.

Ms. Cooke asked about the surplus to be discussed with SEBC. Ms. Rentz explained that in the past when the surplus built up the SEBC voted to leave the rates unchanged. HB 81 will force rates to change as a result of the changes in the employee and state share. Along with this discussion, the committee will be made aware of the latest FY13 claim projections. Ms. Griffin stated the FY11

claims as of the end of October 2010 were \$175M and asked what they were now. Ms. Rentz stated they were \$189M at the end of October 2011. She added that the population grew by approximately 2,000 members and that much of that growth could be attributed to coverage of dependants to age 26. Ms. Cooke added that if there was no change to cost in HB 81, there would still be a change to employee share due to rate/cost share changes. It was noted that some changes would still occur and that a rate chart modeling changes to the FY12 rates as a result of HB 81 were available on the Statewide Benefits Office website.

Step Therapy for Multiple Sclerosis was approved in 2010. There will be a recommendation to enhance the step therapy. Details were given with the objective being trying to get doctors to give their patients the most cost effective drugs that will work for them. People already using specific drugs will be grandfathered. There will be savings of approximately \$52,000 annually if approved by the SEBC. The actual implementation date was unknown; however, it was noted as being as early as February 1, 2012.

A recommendation from the Proposal Review Committee (PRC) will be taken to SEBC for Data Warehouse services. Our new consultant, Segal, will be asked to use the database more for clinical reporting. The Wellness Program uses it to see results of participants. It has recently been used to see if risk scores among the DelaWELL Health Risk Assessment participants have declined. Ms. Cooke explained that employees have asked if there will be an incentive for those who stop smoking and that she has replied by explaining that the incentive is their own health will be improved.

The January 30th SEBC meeting will include public comment related the Disability Insurance Program Rules and Regulations. This item will be handled before any other SEBC business. Other things that will be on that SEBC agenda include items related to FY13 Group Health Fund planning including a review of the Employer Group Waiver Program with the SEBC. Ms. Anderson stated that DSEA had no issue with the proposed Disability Insurance Program Rules and Regulations; however, there may be some who make comments.

At the February 17th SEBC meeting, Statewide Benefits will bring the Proposal Review Committee's Medical RFP recommendation to the SEBC for vote. On February 1, the PRC meets again on follow-up related to the January 4th and 5th finalist interviews as well as to score the finalists. There were four vendors interviewed, one of which only bid on the Medicare Supplement Plan.

Ms. Rentz explained that the SEBC will go into Executive Session for a health appeal and that Aon will continue to participate in SEBC meetings through June 2012 along with Segal.

3. SEBAC Comment to SEBC

None.

4. Other Business

None.

5. Public Comment

None.

Being no further business, Ms. Griffin asked for a motion to adjourn. Ms. Carson made the motion and Ms. Cooke seconded the motion. Upon a unanimous verbal approval the meeting adjourned at 3:55 p.m.

Respectfully submitted,

Mary Thuresson
Administrative Specialist
Statewide Benefits Unit, OMB